
Kentucky car tax refund litigation

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FOR IMMEDIATE RELEASE

Deadline Looms to Apply for Vehicle Tax Refund

FRANKFORT, KY (July 29, 2002) – Time is running out for thousands of Kentucky car buyers to apply for a special motor vehicle usage tax refund for which they may be eligible.

More than 50 thousand Kentuckians have filed claims so far, but thousands more still may be eligible for the refunds. Applications for the refunds, which could amount to hundreds of dollars each must be returned to the Kentucky Revenue Cabinet and postmarked no later than July 31, 2002.

Those who may be eligible for refunds include Kentuckians who had a trade-in on a used vehicle bought out of the state between March 10, 1997 and January 31, 2001.

A downloadable form is available at www.cartaxrefund.com that can be filled out by those who feel they may be eligible. The Web site also has information on the potential refunds and eligibility requirements. Refund claim forms also are available in all 120 county clerks' offices and in the Revenue Cabinet Taxpayer Service Centers. Information also is available by calling toll-free 1-877-347-4784.

Plaintiffs' attorney Donn Wray said time is running out to apply. "Thousands of Kentuckians may still be eligible for this refund, but they have to act before July 31 or they lose their eligibility. With just a few simple steps, people who are eligible could end up with several hundred additional dollars in their pockets."

In the court case, McGaren et al v. Comm., Revenue Cabinet, the plaintiffs asked the judge to certify a class of similarly situated taxpayers and sought refunds of taxes previously paid. Notices were sent to some 831,000 Kentuckians informing them they could be eligible. However, many thousands of affected Kentucky taxpayers did not receive the mailed notice because the mailing list database was incomplete.

The notices were sent as the result of court rulings. Last year, Jefferson Circuit Court Judge Lisabeth Hughes Abramson ruled unconstitutional the Kentucky statute which denied a trade-in credit for used motor vehicles purchased out of state but allowed the credit for used vehicles purchased in state. This decision came after the Revenue Cabinet stipulated the tax treatment was unconstitutional. The judge later ordered the Commonwealth to give notice of the lawsuit to all purchasers who bought a used vehicle out-of-state with a trade-in so they could send in a refund claim form.

During the time period in question, if a Kentuckian bought a used motor vehicle outside Kentucky and traded in another motor vehicle, he or she paid a 6% Kentucky Motor Vehicle Usage Tax on the total value. However, had that person bought the motor vehicle in Kentucky, he or she would have paid tax only on the difference between the value of the purchase and the value of the trade-in.

Refund claim forms must be mailed to the address noted on the form and postmarked no later than July 31, 2002.

